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Southern Landlords Association

June 2016, Newsletter 28

Deposits vs. Rents in Advance

Members who take deposits will be aware that any deposit taken must be regulated and the prescribed information provided to the tenant within 30 days. Failure to do so could well result in an action being taken against the landlord by the tenant, who could be awarded between one and three times the value of the deposit. You will also be aware that if the deposit has not been regulated in accordance with the regulations, the landlord cannot use a Section 21 notice for eviction purposes. It is most important therefore that landlords who take deposits ensure that they have complied with all relevant legislation.

Another aspect of taking a deposit is: What is the purpose of taking it? What can the landlord justifiably take from the deposit? For example, arrears of rent, damage, cleaning etc. to mention a few. It is most important therefore that if you take a deposit you ensure that you include within the agreement what can be deducted from it and not simply expect to deduct anything you wish, as, if disputed, you would be required to substantiate that any money taken from the deposit is justified.

It is assumed that most members fully understand how to set out a tenancy agreement in relation to deposits but many of our members for various reasons have decided not to take deposits at all. Those members usually take 'rent in advance'.

It is most important for those who take rent in advance to ensure that in doing so it cannot be construed as being a deposit. To make it absolutely clear: Rent in advance is what it says. It is rent. It cannot be used for any other purpose at all. To give an example: a member may well take one month's rent in advance and a further month's rent in advance to be used for the last month's rental of the tenancy. If a member uses this method, what they must do is make it very clear in the tenancy agreement that one month's rent in advance has been paid and that it is agreed that a further month's rent has been paid which can be used towards the final month's rent of the tenancy. In that way it is absolutely clear why the money has been paid and how it is to be used. Under no circumstances can a landlord use rent in advance to pay for damages or, in fact, anything else. It is what it says – simply rent in advance.

Members should ensure that they make it absolutely clear in the agreement, in order that if they have to take the tenant to court there cannot be any ambiguity over whether the rent in advance is in fact rent in advance or a disguised deposit.

Mike Stimpson's Column

Members will note from the various articles in this Newsletter that the Conservative government is very much 'anti' the private landlord and is seeking to obtain significant revenue as a result of the various legislation changes. There is one good piece of news, in that members who experience abandonment will be able to regain possession without the need to go through long drawn out court procedures. I do not think there have been any significant amendments to that part of the Housing and Planning Act and will inform members of the correct procedures they must follow.

I am sure that the buy to let investor will think twice about purchasing further stock and, as a result, rental properties that are available in many areas will see rent increases as a result of demand. Government should realise that damping down buy to let landlords will not make home ownership easier in many areas of the country, as prices are already unaffordable to many. Likewise, rents in many areas are unaffordable and it is only through many landlords who have been in the business for long periods of time letting properties at very reasonable rents that allows many economically poor people to have reasonable accommodation. Local authorities and Government should appreciate the contribution that private landlords make in housing not only the economically poor but often the homeless as well. Unfortunately, many local authorities and Government itself do not appreciate the contribution that buy to let landlords make and they seek to designate what landlords do as simply as an 'activity' and not as a proper 'business'.

I have mentioned many times in the past that it is for landlords' associations to act together, not only to promote a successful private rented sector but at the same time to get Government to acknowledge that landlords are businesses and not simply an activity that can be treated in ways other than as businesses. Whether we have associations strong enough to succeed in that ambition, I have doubts. Equally, I have doubts about landlords being prepared to join together and pay subscriptions sufficient to be able to finance any action against Government / local authorities in the same way as the doctors have in achieving agreement following the imposition of new terms of employment forced upon them.

Many potential landlords may not view buy to let investment as the good investment that it was and may seek to find other more acceptable ways of investing their money. In this respect, purchasing commercial or mixed commercial/residential properties avoids the 3% extra stamp duty and, in addition, if purchased within a company allows indexation. But, again, understanding the benefits/disadvantages of company ownership needs to be carefully reviewed before using that means to invest.

Similarly, investing in holiday lets avoids all the disadvantages of a buy to let landlord, in that holiday lets are treated as a business and not as an activity. Once again, members who potentially wish to invest in holiday lets need to look closely at the obligations as well as the benefits.

Finally, may I wish you all success in your investing options for the future.

Kumarasamy vs. Edwards

Members will be aware of this case, which involves a claim by a tenant against a landlord where the tenant tripped on a paving stone in the dustbin area of a block of flats. The claim for damage was brought by the tenant against the landlord, and after various court hearings the case eventually came before the Court of Appeal, which ruled that a landlord is responsible for ensuring that the public ways of a building are in good order.

Many landlords use managing agents and own properties many miles from where they live. The Southern Landlords Association contends that it is the responsibility of either the freeholder or the managing agent of properties consisting of leasehold flats to ensure the public areas are fit for purpose.

This case has now progressed to the Supreme Court and a hearing took place on 6th May. Peter Littlewood of our association attended and his report can be viewed on the SLA website. A decision has yet to be made and it could be the end of July before we know the result.

Through the goodwill of SLA members, over £7,000 was collected and has been passed to the barrister acting on behalf of Mr Kumarasamy. In fact, it actually paid for Philip Rainey QC to present the case at the Supreme Court. The SLA Board thanks all members who contributed towards the costs. It appears that we were the only landlords' association making a donation. Approximately 50% of all landlords will be affected by this decision. We will report further once the result is known.

Fair Wear and Tear Allowance

Members should be aware that as from 6th April 2016 they cannot claim the fair wear and tear allowance and can only claim the actual expenditure on replacing goods, etc. The allowance was generous but removing it puts more work on landlords at a time when Government alleges it is trying to reduce red tape, etc.

Mike Stimpson comments: When reading the regulations concerning the removal of the fair wear and tear allowance, Government makes it quite clear that any sale of the goods that are being replaced should be deducted from the cost of the replacement goods, and if for example a washing machine is replaced with a washer-dryer, the element of extra cost for the dryer element should be counted as a capital expenditure and not revenue. How reasonable is that!

There is no mention by Government about also being able to claim for the disposal of the goods that are being replaced. For example, a commercial waste provider could well charge £15 plus VAT for the disposal of a fridge, a similar amount for the disposal of a television and £10 plus VAT for a mattress. It appears that Government believes that goods being replaced are often in a resaleable condition, whereas most landlords know perfectly well that those goods are only fit for disposal at a local authority waste recycling depot, which landlords using commercial vehicles in many cases are not allowed to use and are expected to use commercial waste sites.

Abandonment

Members will be aware that it is most difficult to determine conclusively whether a tenant has abandoned a property and whether it can be repossessed or, alternatively, whether a court order needs to be obtained to ensure that taking back the property has been done in accordance with the law. Local authorities / county courts treat claims of illegal/unlawful eviction very seriously and if a landlord acts inappropriately the result can be very serious indeed.

To bring members as up to date as possible, there is a current regulation called 'Implied Surrender'. What this means is that where it is clear that a tenant has vacated a property, i.e. left the flat clear of all the tenant's possessions and left the keys of the property, then the landlord can claim possession on the grounds of 'Implied Surrender' without the need to go to court. The tenant could of course challenge the landlord's actions in the County Court but would find it difficult in these circumstances to bring a successful claim.

Abandonment is often not as simple as the situation explained above. Often possessions belonging to the tenant are left in the property with little or no value and the keys to the premises are not normally left. The only way in these circumstances to be sure that taking possession is lawful is to obtain a possession order, either for rent arrears or by the Section 21 route, both of which take much time, cost money and usually with no rent being paid.

The Housing and Planning Bill 2016 has now passed through both the House of Commons and the House of Lords and is now an 'Act' and has been published (234 pages). Part 3 of that Act deals with the recovery of abandoned properties without the need to issue court proceedings. This will apply to England but not Scotland, Wales or Northern Ireland, which have their own tenancy laws.

(See a fuller article on this Act on pages 6-7).

There will be an allowance for the tenant to appeal to the County Court.

This proposal is a move in the right direction. It is unacceptable that tenants can simply abandon premises, leaving the landlord to issue court proceedings in order to regain the property. During 2015 there were over 1,700 cases of abandonment taken to court by landlords to gain possession, directly as a result of tenants simply leaving the property without giving any notice. This legislation is overdue but still requires landlords to leave the property unoccupied for over 8 weeks before they can claim possession, unless of course they can use the 'Implied Surrender' regulations. The SLA will publish in detail the procedures that members need to follow in due course.

The homeless charity Shelter opposed in its entirety the section of the Housing and Planning Act that refers to abandonment. Its justification for this was that it believes that in view of the few cases coming to court, that part of the Act was unnecessary. What Shelter fails to understand or for that matter appreciates is that very many landlords take a chance and do not go to court when their property appears to have been abandoned but take repossession and chance that the tenant will not return. Government is making 'chancing it' unnecessary. Shelter should not, in the opinion of the SLA, support tenants who simply have no regard for the conditions of their tenancy agreement. Hopefully this new arrangement will reduce Shelter's work by not giving it the opportunity of claiming illegal/unlawful eviction in cases of tenants abandoning their property.

Taxing Buy To Let Landlords

The Government appears to see buy to let landlords as a significant target for revenue. What with the removal of the higher rate mortgage interest relief and more rigorous regulation, including the Right to Rent checks, with grossly unfair penalties if a mistake is made, the landlord's lot is becoming far less attractive. Now we have buy to let landlords having to pay more to even get into the market with the 3% additional stamp duty that has been introduced. An example of the additional cost is that a property costing £475,000 would attract stamp duty under the old system of £13,250, whereas under the new system an additional £14,250 would be payable, making the stamp duty £27,500. There is little doubt that this is to give more revenue to Government. It is alleged, however, that it is being introduced to give a more level playing field for first time purchasers. What Government appears not to realise (or take any note of) is that in many areas of the country, property prices are so high that first time buyers cannot access property ownership unless significant capital sums are provided by parents/grandparents.

What Government may also not understand is that buy to let will become less attractive and fewer landlords will seek to purchase more properties. This will increase the demand for those properties already in the market and will inevitably cause rental increases and more homelessness.

Members may well consider buying mixed use or commercial properties, which are not affected by the extra 3% stamp duty. Alternatively, members may consider that venturing into holiday lets may be a way forward, as holiday lets are a business in the true sense and escape all the restrictions being applied to 'buy to let landlords'. This is food for thought indeed.

It is believed that there is £30 billion of institutional investment seeking 'build to rent' opportunities in the UK over the course of this Parliament. It was thought that on any purchase/development of over 15 units to rent there would not be a requirement to pay the 3% stamp duty surcharge. However, at the last minute Government decided that all purchasers/developers of residential property would be required to pay the additional 3% stamp duty land tax. One wonders whether build to rent schemes will still be viable with the imposition of the extra 3% stamp duty land tax.

Welfare Reform

The Department for Work and Pensions' benefit cap of £20,000 outside London will come into

Reductions on Capital Gains Tax: The Reality

As from April 2016, capital gains tax, in general, has been reduced from 18% to 10% for lower rate tax payers and from 28% to 20% for higher rate tax payers. One would have thought that this was welcome but it has been excluded from all residential properties except the main home. It appears that the Government considers it should compare the business of being a landlord with home ownership and does not consider that landlords are in any way businesses but simply an 'activity'.

What justification is there for such discrimination? Buy to let landlords do not get indexation or tapering. They pay capital gains when they sell on the purchase price less any capital expenses. No allowance is made for inflation at all. Landlords have been treated for many years in an extremely unfriendly way and now even more so by a Government that should be supporting them. The SLA considers that imposing a premium capital gains tax on private landlords is challengeable but one wonders who will put up the money to mount a challenge against the imposition of an 8% surcharge for landlords.

> *"This is yet another example where landlords' associations should, in my opinion, be working together, not only to promote a flourishing private rented sector but also to take action against unfair regulation, and this is yet another case of unfair regulation."*

Mike Stimpson

(Please note these are personal views only. Members should always seek professional tax advice).

force in October 2016. Members taking tenants in receipt of local housing allowance will need to take account of this reduction, as many claimants will not be able to pay the rents, even at local housing allowance level.

Energy Performance Certificates / Energy Improvements

Members will wish to know that from April 2016 regulations have been introduced that allow tenants to request energy efficiency measures. These measures must be funded by the tenant or a third party and not by the landlord, who cannot unreasonably withhold consent.

Regulations have also been introduced that will prohibit a landlord from letting out a substandard property where the energy performance falls below the minimum levels of energy efficiency F or G. In other words, only properties with an EPC rating of E and above will be able to be let.

A landlord therefore may not grant a new tenancy or renew an existing tenancy after 1st April 2018 or continue to let a domestic private rented property after 1st April 2020 unless the EPC rating is E or above.

Members will wish to note these dates and the need to improve energy efficiency performance if any of their properties fall in the F or G bands.

Market Commentary

Members will be interested to know that the gross mortgage lending in April 2016 totalled £18.5 billion, 16% higher than in April 2015.

Lending over the next few months is likely to be driven by first time buyers, movers and remortgages. There is little doubt that buy to let will take a back seat and uncertainty around the European Union Referendum could weigh on housing market activity over the next few months.

Rent Control & A Future Labour Government

Members may well have heard that if Labour gain government in the future they propose to allow elected mayors to set levels of rent in the private rented sector.

Stamp Duty Increases

The impending increase in stamp duty contributed to a 60,000 increase in the number of transactions in March 2016, almost half being cash purchases.

The New Housing (& Planning) Act 2016

Now have yet another Housing Act... The Housing and Planning Bill started life in the Commons last year, originally called the 2015 Bill, it took so long to go through the Parliamentary process it finally emerged on May 12th as the 2016 Act.

Bill's get debated on both sides of the House before receiving Royal Assent (i.e. becoming law). This spent considerable time in the Lords, with them making many recommendations. They even published a summary of the amended Bill as they proposed. But when it returned to the Commons all the Lords proposals were ignored – so much for democracy!

Consequently the actual Act was not published until May 25th. I will summarise the main points here. Note that it applies to England only and consists of 8 main sections:

1. New Homes in England

Split into:

- Starter Homes
- Self-Build and Custom House building

In general this won't affect landlords, apart from (perhaps) putting more properties on the market, thus diluting the stock leading to fewer tenants.

2. Rogue Landlords and Property Agents in England

- *Banning orders*
  The Government are to consult on this, but in summary means that the First Tier Tribunal will be able to ban a landlord or agent from letting property for a minimum of 12 months. Further offences could lead of a fine up to £30,000 and/or to prison for a maximum of 51 weeks (no I don't know where this peculiar length of time comes from).

  Note also that a banned person would not be allowed to hold an HMO license, and the Local Authority would be able to issue a Management Order – i.e. take over the management of the HMO to protect the tenants.
- *Database of Rogue Landlords and Property Agents*
  Any landlord or agent being successfully prosecuted for a housing offence, including all existing ones, would be placed on a central database. Unfortunately the only people with access to this database would be Local Authority officers, even though the prosecution would be carried out in a public court, accessible for any member of the public. So, for example, if any of our members were to be prosecuted we would not be able to know. Or an agent wouldn't be able to check a new landlord had been prosecuted was undesirable. Statistics can be made available from the database, but in an anonymised form. This is wrong in my opinion.
- *Rent repayment orders*
  Government have eventually realised that landlords don't like to be forced to repay rents. In this Housing Act they have introduced the ability for the landlord to be ordered to re-pay up to 12 months' rent to all tenants affected. This is not only for new offences, but many existing ones as well. Ouch!

3. Recovering Abandoned Premises in England

Up to now the law has not recognised an abandoned tenancy. Assuming the tenant has stopped paying rent, as well as disappearing, the only way to regain possession is a section 8 (Grounds 8, 10 & 11), and/or a Section 21.

The new rules state:

- Three notices have to be issued stating (among other things) that the landlord believes the property to be abandoned;

- The first notice can be issued any time, but
- The second can only be issued when they are in arrears (to the same rules as a Section 8, Ground 8), and must be between 2 and 4 weeks after the first notice
- Both of these can demand a response to the notice by a date specified by the landlord.
- The final notice will be in the final 5 days after the date given (above)

The notices would have to served on the tenant; any occupiers named in the tenancy; and the deposit payer. So that will all be easy to use then! I suspect many landlords will continue with the Section 8/21 route.

However, this does mark a departure from an existing norm. Up to now only tenants or the courts could cease a tenancy. The landlord couldn't – they ask for it to be ceased. That essentially is the basis for the Section 8 and 21 notices. They are notices of intention, i.e. the intention of the landlord wanting their property, if the tenant(s) don't leave the landlord has to go to court to get the request to leave translated into an actual court order to vacate. However, also see Immigration Notice to Quit below on page 8.

With his notice, if the tenant fails to respond to the notices if correctly issued, the agreement ceases on the nominated day and the landlord can take the property back. Note that this is a summary of the procedure, anyone wanting to use it must follow the whole procedure correctly.

4. Social Housing

Significant changes for social landlords, including no obligation for developers to provide Affordable Housing – known as Section 106 agreements.

5. Housing, Estate Agents and Rent Charges

- Gives the Government the ability to introduce regular electrical safety inspections, along the lines of the annual gas inspection. No more is known about this at this stage.
- It will be possible to share information held by the deposit schemes with Local Authorities, and anyone else the Secretary of State allows. This is further help for the authorities to identify landlords not declaring themselves.
- A landlord could be ordered to make certain information available to a 'relevant' tenant association.
- Anyone declared insolvent/bankrupt, or doesn't have the Right to Remain (i.e. their visa has expired) will not be allowed to hold an HMO license.
- Gives the Government the ability to introduce client money protection schemes for all agents – this is long overdue.
- It will be easier to deal with rent charges. These are an anachronism that goes back to Victorian times when someone selling a house to a new owner could retain the right to charge an annual fee. This was even on freehold properties, but generally is normally a very low figure.

6. Planning in England

Changes to local planning rules, and neighbourhood planning.

7. Compulsory Purchases

To make it easier for surveyors to enter land prior to a Compulsory Purchase Order (CPO).

8. Public Authority Land

To make it easier for public bodies to make land available for building houses.

Use of A Section 8 Notice

Members should be well aware of the restrictions gradually being introduced in respect of the service of Section 21 notices. Members may not realise that those restrictions do not apply when serving a Section 8 notice. Section 8 notices, in the main, are served by landlords for rent arrears, usually using Ground 8 (mandatory ground) and Grounds 10 and 11 (discretionary grounds).

Any failure that would prohibit the use of a Section 21 notice does not apply to a Section 8 notice. For example, if a landlord failed to regulate a deposit within the prescribed period, this would not stop that landlord from serving a Section 8 notice on any of the grounds contained within it. In the event of a tenant claiming at the hearing that the landlord had failed to regulate the deposit within the prescribed period for example, the judge cannot take this into consideration when making a decision based on the grounds in the Section 8 notice. The tenant, on the other hand, can bring an independent claim against the landlord for not regulating the deposit within the prescribed time, but this has nothing whatsoever to do with the Section 8 notice and members should be aware of this point.

What often happens is that the tenant (or their advisors) will go to court and claim that compensation is due for disrepair or that the rent arrears are not as stated by the landlord. The case is then likely to be put back for a further hearing but these tactics are normally used to delay possession.

Members should note the different circumstances in the use of the Section 21 and Section 8 notices, and should any member have concerns or queries, they should not hesitate to contact the SLA Helpline for advice.

Immigration Notice to Quit

Hopefully you are aware of the changes brought about by the Right to Rent, whereby landlords and agents have to check the immigration status of all their potential adult occupiers (not just those named on the AST). If they have no legal right to be in the country the landlord cannot offer to let.

However if they have a time limited right to remain an offer can be made, but the right has to be checked again. If that person has lost (or just about to lose) their right they have to be reported to the Home Office.

That was all brought about by the Immigration Act 2014, now there is a new Immigration Act, 2016.

If their right ceases the occupiers lose all of their rights under current legislation that protects tenants, and the landlord can immediately serve a 28-day notice to quit.

At the end of that notice period the landlord can use reasonable force to remove the occupiers or he can instruct a High Court Enforcement Officer directly to remove the occupiers without further Court permission. Essentially this is allowing eviction without a Court order.

All this is new lets only after February 1st 2016, and applies where all tenants lose their right to remain.

What happens where some lose their Right to Remain, but others don't:

Here a new ground has been added to the Section 8. Ground 7B gives the tenant 14 days' notice of intended possession proceedings after which court proceedings can be taken. If the Court finds that all the tenants have no Right to Rent then they must award possession in the usual way.

If, however, it is a joint tenancy and one or more of the tenants do have a Right to Rent, but other tenants or occupiers do not, then the Court may order that the tenancy is transferred to those tenants that do have a Right to Rent and they will become the tenants alone. However, this can only be done where possession is not being sought on any other ground and the landlord is relying on ground 7B only. Therefore, landlords will probably look hard to see if some other ground is also available to them. The transferred tenancy is not a new tenancy and so there will be no new six-month security against service of a section 21 notice for example.

Full set of Grounds for Section 8

Note that there have been amendments to the Section 8 grounds, including

- Ground 7a - antisocial behaviour by the tenant;
- Ground 7b – tenant has lost their Right to Remain (Immigration check).

Make sure you use the exact wording in the Section 8 form.

Further Potential Changes Coming from Government

Last year the Government consulted on two matters:

- Extension of Mandatory Licensing
- The potential to stipulate minimum room sizes.

The outcome of these is not yet known, but it is likely to include two storey buildings; all flats above shops; possibly even reducing the number of people allowed per household.

Income Tax Proposals

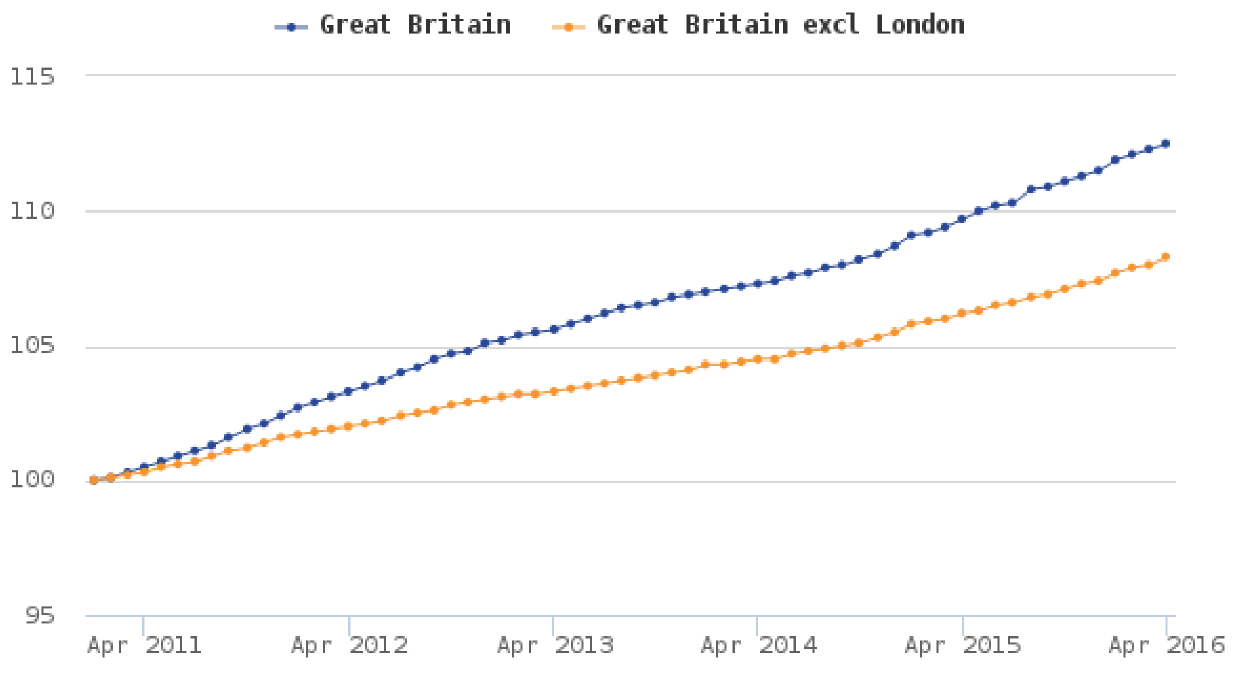
You are undoubtedly aware of the application for a Judicial Review on the proposed changes to the way interest on property will be considered in future tax considerations. If this change goes through it might result in landlords paying more tax; and even paying tax on a 'trading loss'.

Our view has been to keep a watching brief on this to see if permission is granted. The proposers for this have sufficient funds for the initial application, but will need more for the actual case if granted. It is likely to be an expensive case as the Government have indicated they will mount a robust defence, including a full legal team. If granted we will help publicise the need for more funds. (More details can be found at Property118.com).

Rents continue to rise

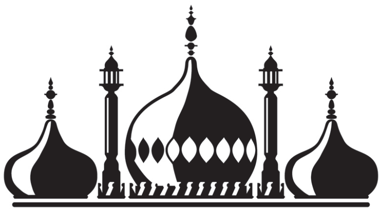
According a report issued by the Office for National Statistics (www.ons.gov.uk) on May 27th:

- Private rental prices paid by tenants in Great Britain rose by 2.6% in the 12 months to April 2016, unchanged when compared with the year to March 2016.
- Private rental prices grew by 2.8% in England, 0.2% in Wales and 0.5% in Scotland in the 12 months to April 2016.
- Rental prices increased in all the English regions over the year to April 2016, with rental prices increasing the most in London (3.7%).



IPHRP(Index of Private Housing Rental Prices) indices: Great Britain, January 2011 to April 2016
Index values (January 2011=100)

Around The Branches



Gary Waller's News Update

Chairman of Brighton and Hove Branch

Since the last newsletter the SLA attended the National Landlord Investment Show held at the Race Course in Brighton. The show was very well attended and was a great opportunity to catch up with both local news and national trends. I was invited to deliver a talk on the practicalities of renting in Brighton. I covered local licensing, Article 4, suggested expected financial returns and risks and the practicalities of managing Brighton's old housing stock. The talk was well attended, which is always nice as presentations are very time consuming to write.

I have recently taken over from Kaiser Mirza as the SLA nominee on the Brighton Strategic Housing partnership. A very big thank you to Kaiser for being our representative for so many years. The meetings are chaired by Councillor Anne Meadows who is Chair of Housing & New Homes Committee. The partnership make up is a combination of elected councillors, council housing managers, business people involved in housing, housing associations and estate agents. It is very clear from my first meeting that the council's housing policy will support "build to rent" but not the further conversion of family homes into small HMO accommodation. It would seem that Article 4 restriction and licensing is both here to stay and to be expanded to other areas in the City.

Brighton and Hove council's Development plan has been published. Dated March 2016 it is a very interesting read, I learned a few interesting facts about our city that I was not aware off. The document covers how the Council will meet the housing shortage and covers proposed development sites and housing policy. The document took input from the public and interested groups, we at the SLA submitted our input well over a year ago. If you cannot find it on the council web site then let me know and we will put it on the SLA web site.

At our branch meeting on the 23rd May we had two speakers. The first was Anthony Foster from Downsett Mayhew Planning partnership (www.dowsettmayhew.com). Anthony specialises in helping developers gain planning permission. He spent many years working for Brighton and Hove Council Planning department. His talk covered the shortage of property development in B & H, with the government calling for 30,000 units and the council strategic plan having only been able to identify 13,200 future dwellings. He outlined what can be done under permitted development rights. He covered C4 use code for 3-6 sharers, and how the 50m radius is calculated in assessing HMO density and how flats are assessed. Finally some of the frustrations of trying to build anything new and different in Brighton and Hove.

Our second speaker was Brendon Rimmer from Sherwood Solicitors. The SLA have partnered with Sherwood Solicitors to provide our members with legal documents starting with an AST. Brendon went through the renting process to ensure that we remain legal. He covered the documents that a landlord needs to give to their tenants, the checks that need to be carried out and handling the Deposit. Then he moved on to Section 8s, Section 21s and retaliatory convictions before finishing on some recent legal cases including Superstrike, Gardener and Deregulation 2015.

The Benefit Cap

As mentioned in one of the articles in this Newsletter, the benefit cap of £20,000 to be introduced in October 2016 will affect an estimated 608 tenants in the Brighton and Hove area, of which over 50% are in the private rented sector. The value of this reduction is £2.2 million. Tenants are being visited to ensure they are making the correct claims, but in reality, and to avoid the cap, many will have to obtain work or find cheaper homes.

The discretionary fund, which might be able to help in some ways, stands at £735,000 for all types of claims, so there are few sources of funding available to make up any shortfalls. Members need to make note when contemplating taking a tenant on benefits that they may well not be able to afford the rent being charged.

Rents in the Brighton and Hove Area

The Rent Service provides rental market summary statistics for all levels of property throughout the UK. Similar rental market summaries are provided by Brighton and Hove City Council. One example is as follows:

March 2016: An average one bedroom flat in Brighton:

Rent Service figure	£795
Brighton and Hove City Council figure	£913

That is a difference of £118 per month between the Brighton and Hove City Council average rent and the Rent Service average rent. Who is wrong? We leave that for you to decide.

The new Assured Shorthold Tenancy Agreement

Soon to be found on the website

Personally, I have all my houses rented for the coming academic year and have spent ages meeting the tenants and completing the paper work. I always ask if they are prepared to accept email communication. I then email the government's "How to Rent Guide". I take a deposit from each student or young person so I can complete the Deposit Protection Service prescribed information template, and along with the guide to the DPS plus terms and conditions, email the tenants.

I then fill out the Assured Shorthold Tenancy Agreement and again email the tenants. At that point I ask them to share everything that I have emailed with their parents. For the last two years I have started asking for a parental guarantee. I ask them to copy their parents as renting a house for a 19 year old is a big financial commitment, one that normally most parent have to help with.

I meet the new tenant group and go through the paperwork in some detail. This year as part of the Right to Rent checks I have been asking to see their passport, driving license or birth certificate and a copy of their student id. At our meeting I then take a photo of these documents individually on my phone. At the end of the meeting I give the tenants one copy of all the paperwork and I keep the other.

This summer through some sort of bad planning on my part I have five houses all emptying out on the same day. Generally my students stay for two years which reduces the work load a little.

The dynamics of a student house are such that if you have a four person house, three of them will quietly leave a few days before the end of the tenancy leaving one poor person to clean up two years worth of mess and greasy kitchen. At which point as a landlord you just hope that someone's parent comes down to help. So this year I have employed a professional cleaning company to break the back of the work load, my plan is that I can achieve a quicker turn around and have less time with the properties empty. I will let you know how I get on in the next newsletter.

Southampton

It is with great sadness that the Southampton Branch has to announce the untimely death in March of one of its leading members. Dr Julian Jenkinson was the founder of Student No Fee, the largest student housing business in Southampton and was passionate that students in Southampton deserved decent homes to live in. He re-invested the vast majority of his income into renovating and improving his housing stock to the great benefit of all who had him as their landlord. He and his staff worked tirelessly to ensure that all tenants were happy with their accommodation whilst studying at the two Southampton universities.

After receiving his doctorate in Chemistry, Julian's investment in the student-housing sector began in 1996 as a way to supplement his income during a very successful career as a professional athlete. He quickly found a taste and aptitude for being a landlord and, with the help of favourable economic conditions at the time, his portfolio of student houses rapidly expanded. His striking lettings boards are a well-known feature of the Southampton street scene during the main rental period, bright yellow and sporting an image of a muscular male torso holding a To Let sign reflecting Julian's own powerful physique that he acquired as a world class tri-athlete.

Over the years Julian was one of the main negotiators for the Southern Landlords' Association when we have been dealing with Southampton City Council over regulations introduced to control the growth of numbers and quality of Houses in Multiple Occupation. Many buy-to- let landlords and tenants will be unaware that it is in a large part due to Julian that the private property rental conditions in Southampton are so well provided for. In particular, along with Chris Brown, Julian's work to review, overhaul and reach agreement with the Council regarding the Amenity Standards used in conjunction with the Southampton HMO Licensing Schemes has been vital to landlords and tenants in the City. Without this work, landlords would undoubtedly have faced large bills for unnecessary additional works of negligible benefit for tenants' well-being but which those same tenants would have ended up paying for in higher rents.

Julian's dealings with the Council while negotiating on behalf of all landlords in Southampton were outstanding for his cool and calm handling of delicate discussions. His knowledge and flexibility meant that both colleagues and those on the other side of the table respected him equally. His efforts have contributed to probably the most constructive relationship between the Landlords' Association and the Local Authority in Southampton in living memory and almost certainly the most efficient and effective HMO Licensing Scheme in the country.

The Student No Fee lettings business is now in the capable hands of Julian's wife and business partner Dr Erica Fogg. It is a great testament to Erica that the Organisation has carried on without a hiccup despite the tragic loss of Julian and we look forward to the appearance of the famous yellow To Let signs again in November.

Julian will be missed by so many in Southampton as witnessed by the near football crowd attending his funeral. As well as his immense talent and ability in every walk of life he turned to, his wonderful personality and fantastic sense of humour earned him huge respect and appreciation from all who came into contact with him. He will be much missed.

A Message From... *Alan Boswell*

Would you hand a couple of hundred thousand pounds to people you didn't know anything about?

In essence by not referencing your prospective tenant(s) that's what you are doing. Your rental property is undoubtedly one of your most valuable assets and it is therefore imperative that you do the ground work upfront. Part of this groundwork is referencing. Referencing tenants is not just about weeding out people who can't pay the market rent, it's also about finding those that don't pay. With recent 'right to rent' checks coming into force there is more of a safety net in place checking tenants are who they say they are, but what about ensuring that someone has the ability to pay the rent and has not had previous problems? SLA's insurance partner Alan Boswell Group has devised a range of solutions to fit differing requirements:

Full Referencing Check - £29.50 per tenant

Full check providing landlords with complete peace of mind:

- Employment history check
- History of residency with previous landlord reference (if applicable)
- Data confirmed, bank account, identification etc.
- Credit check and affordability calculation
- Full written report

Basic Credit Check - £12.50 per tenant

Online credit checking service is a basic package which ensures essential searches are carried out:

- Identification confirmed
- Credit check completed
- Online report provided

Company Credit Reference - £21.50 per tenant

Company reference check is designed to give Landlords peace of mind when entering into an arrangement with corporate tenants, combining financial analysis with information verification:

- Details of previous names and subsidiaries
- Verification of business activities
- Confirmation of company Profit and Loss accounts and CCJ history
- Comprehensive report

Sometimes tenants will fail checks and the same checks can then be rerun if you choose to go down the guarantor route. Having tenants (or guarantors) who have passed these checks opens up additional products such as legal expenses and rent guarantee insurance to protect your asset further.

Need advice?

Alan Boswell Group are one of the UK's leading sources of Landlords Insurance and offer a comprehensive tenant referencing service. If you'd like a free, no-obligation online quote for your landlords' insurance contact Steve Cox on 01603 218031, scox@alanboswell.com or visit alanboswell.com/landlords

What Every Landlord Needs

By Gary Waller

The landlord magazines and indeed this newsletter is full of all the stuff we need to know…landlord legislation, tax changes, planning restrictions, licensing requirements, fire precautions, Carbon Monoxide checks, Gas SAFE , electrical checks…..arrrgh, my head hurts.

So you have built your property empire, be it one flat or a string of HMOs but who handles the maintenance? Who fixes stuff, who sorts out the practical problems. For many years while I worked in London I would do my own maintenance during the evenings and weekends, backed by a very supportive family and a great plumber and electrician both of who have keys. But as I got more properties the weekends became too short. So you employ tradespeople, but the problem is, you give all the work to tradespeople, but someone still has to schedule them, let them in, check their work, then the trades all do a great individual job but who fills in the gaps between them.

So now that I have left the computer industry, it was time for a rethink. If a tenant has a problem I now go and look at each job, the vast majority I am able to fix there and then. I can teach 19 year olds how to change a light bulb, unblock the shower, clear the drain etc.

For the last half dozen years I had used an old Vauxhall Astra as my workhorse, this great old car was fine until my eldest learned to drive and it somehow became hers. She seemed to object to it being full of building materials and constantly dirty, the final straw was probably when I spilt the white spirit in the boot and the car stunk for 3 months. Last summer the car sadly came to the end of its life, so I went back to using my Saab estate. Now the Saab is a lovely car (I have had four of them) but with a transverse engine it has a turning circle of a small oil tanker and is completely impossible to park in the tight streets of Hanover in Brighton. Scraping it against a cast iron lamp post at 2 mph and doing £600 of damage last September was the last straw.

Time for a change… so I am now the proud owner of a Van. A second hand, ex-British Gas Volkswagen Caddy Van, and its great. It has all my landlord stuff in it, cleaning materials, light bulbs, toilet plunger etc. Two weeks ago it was a gardeners van with buckets, shears and weed killer. Last week's cementing job did not matter with sand, cement and buckets. However, this week it is a kitchen fitters van with my carpentry tools.

It now doesn't matter if the Van gets dirty, when you arrive on site 99% of the time you can find what you need, rather than realising you have left it at home in the garage.

For me the Volkswagen Caddy is the right size, the Ford Transit would be nice, but it would still be too big to fit down the small streets of Brighton. I enjoy the driving position of the van, as you sit that bit higher (it is easier to get into than my Saab) and it is certainly not fast, the speed limiter that British Gas fitted restricts its top speed to 72 mph, but that is probably no bad thing. I have now been able to separate work from home. Only issue now is that I have not driven the Saab for three weeks, I hope it starts!

Data Protection

We have been asked if landlords should be registered for data protection.
The general feeling is yes, and it only costs £35 per annum. We have asked the ICO (the Information Controllers Office) but to date have not yet got an answer.
We will let you know when they finally answer.

Meetings

London Social

First Monday of every month. To be held upstairs at the Constitution - 42 Churton Street, SW1V 2LP. 020 7834 3651. Commencing 6.30 pm

Thanet Social

First Thursday of every month. To be held in the newly re-furbished, and renamed Botany Bay Hotel (formerly the Fayreness), Marine Drive, Kingsgate, Broadstairs, Kent CT10 3LG. 01843 868 641. Commencing 7.00 pm If using Sat Nav put CT10 3LH

Brighton & Hove

Meetings are held at The English Language Centre, 33 Palmeira Mansions, Salisbury Road, (Corner of Salisbury Road and Church Road), Hove, BN3 2GB

Southampton

Meetings are at Highfield House Hotel, Highfield Lane (corner of Shaftesbury Avenue), Portswood, Southampton, SO17 1AQ

Meeting subjects

We are always happy to hear from you if there are any particular subjects we should be covering at our landlord meetings – let us know.

Note that we are to be holding a meeting in a new venue near Chertsey on September 14th. See the web site for more details.   And yet to be arranged, we will do a follow up the successful meeting held in the centre of London. Keep an eye out for that.

Meetings/Exhibitions 2016

Make a note in your diary, details on the web:

- Tuesday June 21st - Landlord Investment Show; Olympia
- Sat/Sun June 25/26th – Homebuyer & Renovating Show – Sandown Park
- Monday July 4th - London Social
- Thurs July 7th - Thanet Social
- Thurs July 7th - Landlord Investment Race Day, Epsom Downs
- Monday August 1st - London Social
- Thurs August 4th - Thanet Social
- Thurs September 1st - Thanet Social
- Monday September 5th - London Social
- Wed/Thurs Sept 7/8th – Landlord & Letting Show – The Barbican, London
- Wednesday September 14th – Chertsey/Weybridge branch meeting
- Thurs Sept 15th – Brighton & Hove Social meeting – The Neville
- Fri/Sat/Sun Sept 23/24/25th – Home Building & Renovating Show, Excel London
- Monday September 26th - Southampton branch meeting

HMCA

HMCA are delighted to offer members of Southern Landlords Association and their families a range of medical health plans and related products. Whilst the NHS is a resource available to all, it does not treat everything in the time and place that suits you or your family. HMCA's plans are designed to provide various benefits for the treatment of acute conditions following a visit to your GP, where the NHS is not able to meet your needs.

HMCA has over 30 years' experience dealing with over 700 associations, trade and professional groups. HMCA specialise in offering highly competitive rates exclusively to members saving them on average over 35%.

HMCA does not advertise or deal with the general public, which makes it possible to secure the best possible prices. HMCA has built up an enviable reputation within the industry for quality and first class claims service along with personal customer care and professionally trained staff
As well as medical plans HMCA offer cover for personal accident, income protection, travel and breakdown recovery. Members who take out a plan will also enjoy other loyalty benefits including discounted hotels and car hire.

For further information you can contact HMCA's UK based team on 01423 866985 or visit HMCA's exclusive Southern Landlords Association website here: https://www.hmca.co.uk/sla.

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